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Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 PA-01 PRS-01
L-03 H-01 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
BOOK-000 (ISO) W
----------140434Z 064160 /14
P R 130639Z APR 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8278
INFO AMEMBASSY VIENTIANE

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 5/12/77
TAGS: EAID, EFIN, LA
SUBJECT: ADB LOAN FOR VIENTIANE (LAOS) WATER SUPPLY;
REQUEST BY BORROWER TO CHANGE SCOPE OF PROJECT

REF: 74 MANILA 4163

SUMMARY: ADB MANAGEMENT PROPOSES ON NO OBJECTION BASIS REVISION IN SCOPE AND REALLOCATION OF LOAN PROCEEDS OF VIENTIANE WATER SUPPLY PROJECT TO ACCOUNT FOR COST OVERRUN. BANK'S SHARE OF REVISED PROJECT WOULD REMAIN UNCHANGED AT $6.0 MILLION. USADB PLANS NO OBJECTION.

END SUMMARY.

1. ADB DOC R37-77 DESCRIBING PROPOSED PROJECT REVISION POURCHED ADDRESSEES APRIL 12.
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2. IN APRIL 1974 ADB BOARD OF DIRECTORS APPROVED $6.0 MILLION LOAN FOR FIRST-PHASE EXPANSION OF VIENTIANE WATER SUPPLY SYSTEM. IN OCTOBER 1976, JAPANESE ENGINEERING CONSULTANT FOR PROJECT WAS ASKED TO REVIEW COST ESTIMATES AND EXAMINE FEASIBLE ALTERNATIVES FOR REDUCING COST OVERRUN WHICH BY THEN APPEARED INEVITABLE.

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ACCORDING TO CONSULTANT'S REPORT, PROJECT COST COULD REACH $11.44 MILLION EQUIVALENT AS COMPARED WITH ORIGINAL TOTAL COST ESTIMATE OF $7.35 MILLION. COST INCREASES ATTRIBUTED PARTLY TO INFLATION, PARTLY TO EXTENSIVE USE OF IMPORTED CONSTRUCTION PLANT AND EQUIPMENT AND DEPLOYMENT OF LARGE NUMBER OF EXPATRIATE PERSONNEL PROPOSED BY TENDERS. SUGGESTED OPTIONS FOR COST REDUCTION WERE: (A) CURTAILING (WHERE FEASIBLE) EXPENDITURES OF NEW HEADWORDS; (B) REDUCING SERVICE AREA TO BE COVERED BY NEW DISTRIBUTION SYSTEM; AND (C) DEFERRING SOME OF SERVICE RESERVOIR STORAGE CAPACITY.

3. BASED ON FOREGOING AND BORROWER'S AGREEMENT IN PRINCIPLE TO NEED FOR REVISION OF SCOPE OF CONTRACT, BANK MISSION VISITED VIENTIANE IN JAN 1977. REPRESENTATIVES OF GOVT, CONSULTANT AND BANK REACHED TENTATIVE AGREEMENT ON MODIFICATIONS TO SCOPE OF PROJECT, ALLOCATION OF LOAN PROCEEDS, AND PROJECT IMPLEMENTATION ARRANGEMENTS. PROPOSED CHANGES ARE:

(A) REDUCTION OF BOOSTER STATION CAPACITY FROM 22,000 CU.M./DAY TO 5,200 CU.M./DAY;

(B) REDUCTION OF LENGTH OF TRUNK MAINS AND DISTRIBUTION PIPELINES FROM 75 KM. TO 50 KM; AND

(C) CONSTRUCTION OF ONE SERVICE RESERVOIR OF 3,800 CU.M. CAPACITY, INSTEAD OF FOUR RESERVOIRS WITH 11,200 CU.M. CAPACITY.

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 PA-01 PRS-01
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/104 W
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P R 130639Z APR 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8279
INFO AMEMBASSY VIENTIANE

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4. APART FROM CHANGES SPECIFIED ABOVE, EXECUTING AGENCY, NAM POPA LAO (NPL), HAS AGREED TO OTHER COST-REDUCTION MEASURES/EFFORTS, I.E.; REDESIGN OF HEADWORKS AS PROPOSED BY CONSULTANTS; A REQUEST THAT CONSULTANT REVIEW DESIGN OF SERVICE RESERVOIR IN ORDER REDUCE COSTS; AND AN ATTEMPT TO REDUCE COST OF PIPELAYING WORKS BY NEGOTIATIONS WITH TENDERER. IF UNSUCCESSFUL IN LATTER EFFORT, NPL WILL CARRY OUT SUCH WORKS BY DIRECT LABOR. GOVT ENSURES AVAILABILITY OF NECESSARY FUNDS AND LOCAL LABOR.

5. ESTIMATED TOTAL COST OF REVISED PROJECTIS $8.6 MILLION, OF WHICH $6.8 MILLION FOREX. BANK SHARE IS UNCHANGED AT $6.0 MILLION, ALLOCATED AS FOLLOWS (IN $ MILLIONS): CONSTRUCTION OF RIVER INTAKE, TREATMENT WORKS, AND PUMP-ING STATIONS, 1.5; PROCUREMENT OF WATER TREATMENT PLANT AND PUMPING PLANTS AND EQUIPMENT, 1.4; PROCUREMENT OF PIPES, FITTINGS, AND APPURTENANCES, 1.8; PROCUREMENT OF
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WATER METER AND LEAKAGE CONTROL EQUIPMENT, 0.17; CONSULTANT SERVICES, 0.66; CONTINGENCIES, 0.46. IF THERE REMAINS ANY UNDISBURSED AMOUNT OF THE LOAN AFTER FINANCING AFOREMENTIONED COMPONENTS, SURPLUS WILL BE UTILIZED FOR PROCUREMENT OF ADDITIONAL PIPES, FITTINGS AND APPURTENANCES AND/OR FOR MEETING PART OF FOREX COST OF CONSTRUCTION OF SERVICE RESERVOIR. GOVT WILL PROVIDE REMAINING FOREX COMPONENT (I.E. UP TO $0.8 MILLION) AND ALL LOCAL CURRENCY REQUIREMENT FROM OWN RESOURCES.

6. REVISED CONTRACT, REFLECTING NEED FOR ADDITIONAL CONSULTANT SERVICES RESULTING FROM PROPOSED REVISION OF SCOPE OF CONTRACT, WILL BE FURNISHED BANK FOR APPROVAL. ADDITIONAL CONSULTANT SERVICES WILL COVER REDESIGN OF WORKS AND EXTENSION OF CONSTRUCTION SERVICES TO JUNE 1979, WHICH IS EXPECTED COMPLETION DATE OF PROJECT.

7. BANK BELIEVES REVISED PROJECT IS VIABLE. ADB MANAGE-MENT RECOMMENDS PROPOSED CHANGES IN SCOPE OF PROJECT AND ALLOCATION OF LOAN PROCEEDS ON UNDERSTANDING THAT LOAN AMOUNT REMAINS UNCHANGED AT $6.0 MILLION. IN ABSENCE OF OBJECTION OR REQUEST FOR DISCUSSION BY APRIL 20, RECOM-MENDATION WILL BE DEEMED TO HAVE BEEN APPROVED. USADB DOES NOT PLAN TO OBJECT.
SULLIVAN

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Message Attributes

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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: DG ALTERED
Executive Order: N/A
Errors: N/A
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Previous Handling Restrictions: n/a
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Retention: 0
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2822469
Secure: OPEN
Status: NATIVE
Subject: ADB LOAN FOR VIENTIANE (LAOS) WATER SUPPLY; REQUEST BY BORROWER TO CHANGE SCOPE OF PROJECT
TAGS: EAID, EFIN, LA, ADB
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/0d5a35a6-c288-dd11-92da-001cc4696bcc
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